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Statistical Reference Index
Acquisitions
4520 East West Highway - Suite 800
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STATISTICAL BULLETIN

1/12/88 R4105-3A

Highlights

- CONSUMER DEMAND APPEARS TO BE WEAKENING
- WHILE HOME BUYING REMAINS FLAT AND CONSUMER CONFIDENCE IS DECLINING
- INVESTMENT MAY ALSO BE WEAKENING BUT INDUSTRIAL OUTPUT IS STILL EXPANDING
- AS ARE NEW ORDERS FOR DURABLE GOODS
- YET LABOR DEMAND APPEARS TO BE SOFTENING
- OUTLOOK • SLOWER GROWTH IN 1988 BUT NO RECESSION

Volume 20, No. 12, December, 1987.

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The Conference Board



THE CONFERENCE BOARD'S STATISTICAL BULLETIN COMMENTARY

OVERVIEW: After sharply lower projections in October, estimates of how far the U.S. growth rate would fall next year were trimmed in November. Overall, the new consensus of the **Economic Forecasts** is for a quite sluggish 1.1% rise in real GNP from the fourth quarter of 1987 to the fourth quarter of 1988. This compares unfavorably with the moderate 2.4% growth rate forecast prior to the October crash.

There are already signs that both consumers and businesses were shaken by the financial market turmoil. Moreover, data now available suggest that expansion of both consumer spending and business investment may have already been slowing in the United States as the world's stock markets began to convulse.

Slower economic growth in 1988 may result in some rise in unemployment but that would help break the momentum that was building for a rise in inflation. Slower spending might also check imports and thus contribute to an easing of the trade deficit.

DOMESTIC MARKET MONITOR

In one sense, November's labor market report was a replay of October's: Jobs rose in both goods and service production; total hours worked increased; and labor-force participation and hourly pay rates picked up. Indeed, the degree and breath of improvement was somewhat surprising: Jobs in financial services actually rose despite market turmoil; construction jobs were also up despite persistent weakness in both residential and nonresidential building.

There are signs, however, that labor market conditions are beginning to weaken. Revised data on job advertising indicate that labor demand may be falling. In October, The Conference Board's **Help-wanted Index** reached 163 (1967=100), 5.8% higher than three months earlier. But early returns to the November survey suggest that want-ad volume fell sharply that month. Moreover, the consensus of the **Economic Forecasts** shows the unemployment rate rising in the first quarter of 1988, perhaps reaching 6.4% by the fourth quarter of next year.

INCOME: The rise in hourly pay rates continues to be fairly strong. The average rate in private industry was \$9.12 in November, ten cents above the rate of only two months earlier.

The hikes in hourly pay, together with more workers hired and a longer workweek, have resulted in strong income gains. Wages in commodity-producing industry were 2.1% higher in October than three months earlier. Wages in other industries rose by a comparable amount. Nonwage-income

growth has been even more robust—3.7% higher in October than three months earlier.

After remaining unusually slow in the late Spring and over the Summer, the rise in consumer borrowing picked up in September and October. That is reflected in the modest uptick in the ratio of **Consumer Installment Debt Expansion to Personal Income**. Nevertheless, the data suggest that consumers are still cautious about incurring new debt.

Consumer attitudes were expected to drop if labor markets weakened. Indeed, job advertising appears to have declined in November. But, in advance of that news, The Conference Board's **Consumer Confidence Index** dropped to 96.3 (1985=100) in November, from 115.1 in October.

SPENDING: Even before consumer confidence faltered, the rise in consumer spending wasn't very strong, despite favorable wage gains. Retail sales, except cars, were only 0.7% higher in October than three months earlier. And with confidence waning, further softening in consumer demand seems inevitable.

The lackluster pace of domestic **Automobile Sales** in October continued in November. Sales of foreign cars were a little better. These data, together with a loss of consumer confidence, suggest that household buying is turning cautious in the wake of financial market turmoil.

CONSTRUCTION: While the demand for cars and other consumer goods is beginning to soften, home buying has been weak for some time. New single-family home sales were no higher in September than last Spring. Mortgage rates have declined but the median price of new homes was 3% higher in September than three months ago. Although the drop in sales seems to have ended, the inventory of unsold homes has not declined despite building cutbacks. Moreover, single-unit housing starts were 3.5% lower in October than three months earlier, suggesting that builders do not anticipate a sales recovery.

The best that can be said of nonresidential construction is that it is no longer declining. Factory and office building has improved modestly while commercial building continues to slide. Public building remains flat, though work on roads and sewers has been accelerated.

PRODUCTION: Despite the meager rise in consumer buying, industrial output gains remain rather vigorous. Total industrial production rose by 0.6% in October. The output of consumer goods was 1.2% higher; consumer durables rose by 3.4 percent. Finally, the rise in employment and hours worked in November suggest that total industrial production was probably up again.

Ken Goldstein, Editor

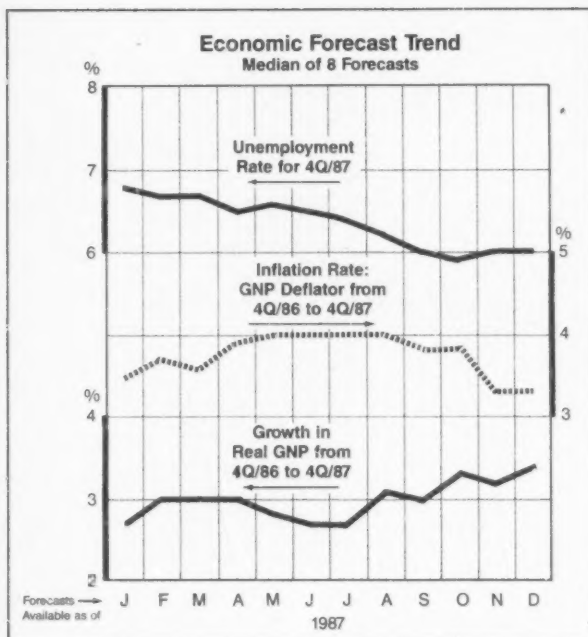
STATISTICAL BULLETIN (ISSN 0010-5554), published monthly by The Conference Board Inc. 845 Third Avenue, New York, N.Y. 10022. Printed in New York, N.Y. Second-class postage paid at New York, N.Y.

© 1987 The Conference Board, Inc.
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Output is rising sharply because the rise in new orders remains strong, and old orders are being filled significantly faster than new orders are coming in. New orders for durable goods, except defense related, were 1.7% higher in October than three months earlier but shipments were 5.2% higher.

INVENTORY: As manufacturers are filling old orders faster than new orders come in, and consumer demand seems to be eroding, some of the rise in output is helping to rebuild inventory. Total inventory, except cars at the retail level, was 1.5% higher in September than three months earlier. Nevertheless, the Inventory-to-Sales ratio remained unchanged through that month. If total demand begins to slip, unintended inventory accumulation could develop unless output gains are quickly scaled back.

Flagging consumer demand isn't the only concern. The Conference Board's survey on **Capital Appropriations and Expenditures** indicates that the nation's 1,000 largest manufacturers did not increase investment in plant and equipment in the third quarter of 1987. In addition, approvals of new spending plans were pared. Moreover, partial returns to The Conference Board's survey on **Business Sentiment** indicates some drop in business executives' confidence in the third quarter.

INFLATION: The spurt in commodity prices has ended. The overall index was flat in October and fell by 1.1% in November. Farm prices, which were basically flat from July through October, advanced marginally in November.

Prices at the wholesale level have been flat to declining. In November, raw food prices fell for the sixth straight month; raw energy prices fell for the eighth month. Prices

of finished goods were basically unchanged in three of the last four months. The Consensus of the **Economic Forecasts** is that consumer prices are rising at a 4% annual rate in the fourth quarter of 1987 and may accelerate to about 4.5% by the fourth quarter of 1988.

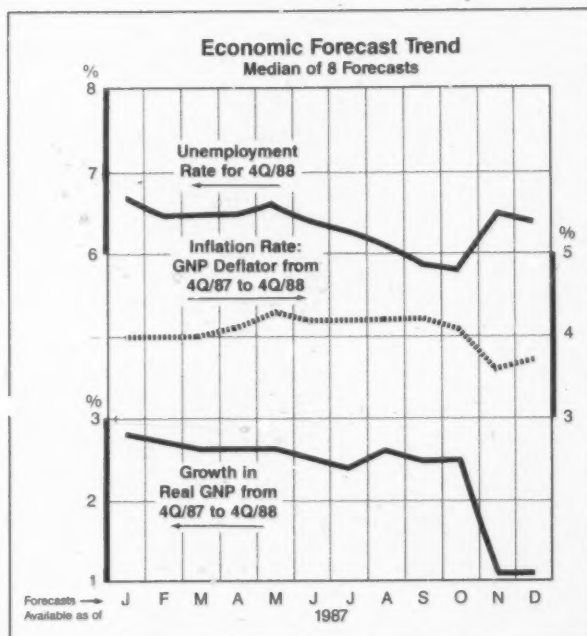
INTERNATIONAL MONITOR

After some declines in August and September, total imports surged in October. Altogether, imports were 5.1% higher in October than three months earlier. Imports of manufactured goods were 5.7% higher. Predictably, the report on an import surge sent financial markets reeling once again.

The bad news on imports deflected attention from the strong showing on the export side. Altogether, total exports were 3.5% higher in October than three months earlier. Exports of manufactured goods were 4% higher.

Import prices rose a little faster than U.S. consumer prices in the third quarter. Conversely, export prices increased a bit slower than prices on products made and sold domestically. With the dollar continuing to depreciate in the fourth quarter, these data suggest that U.S. products are recovering some price advantage at home and becoming more price competitive abroad. Moreover, the **Economic Forecasts** continue to reflect a slower growth rate for the United States next year. If the U.S. economy is growing more slowly than that of its major competitors, the overall trade balance may benefit.

Ken Goldstein
December 9, 1987

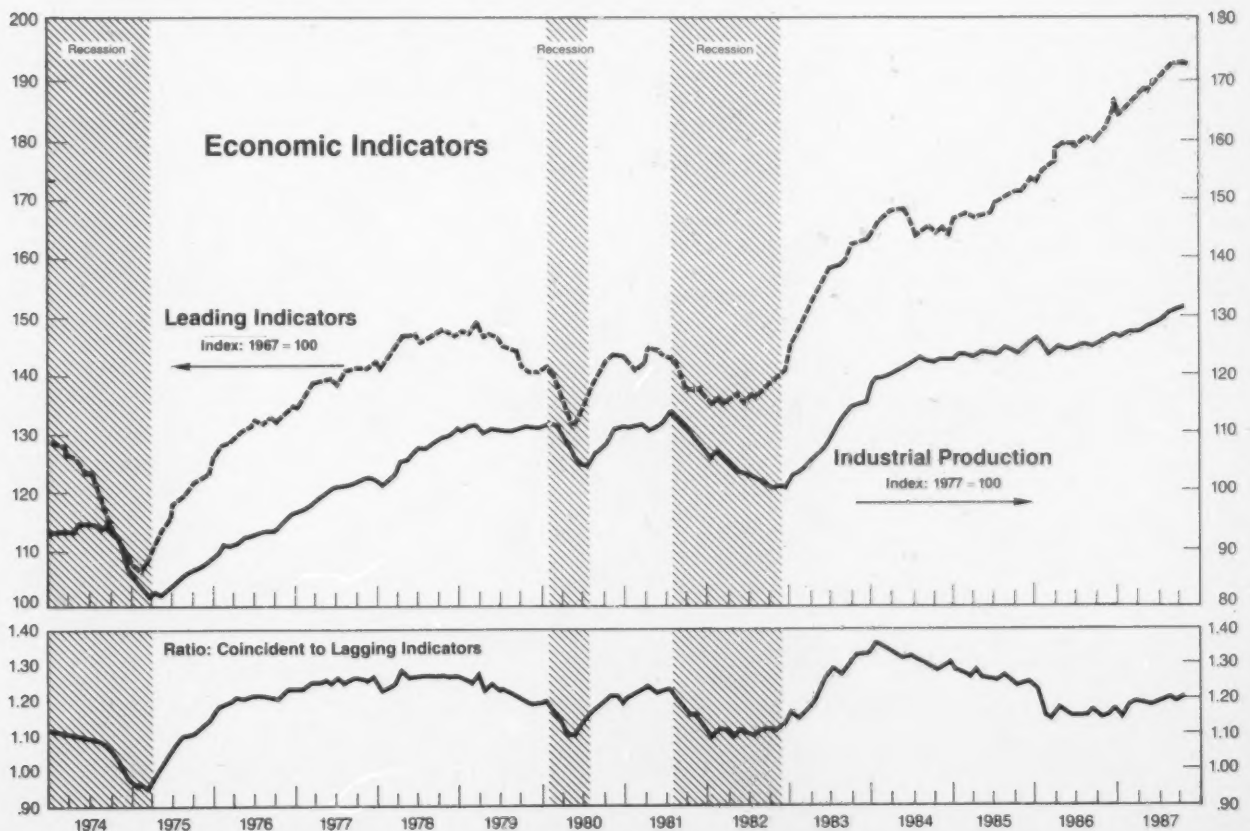


STATUS OF LEADING ECONOMIC INDICATORS

		Rising (Classification based on movement of series over several months)	Level	Declining	Change over Latest Three Months	Change from Year-Ago
Leading Economic Indicators	Oct.		X		0.42%	6.18%
Capital Investment Commitments						
*Contracts and orders, plant & equipment (deflated)	Oct.		X		- 4.3%	12.0%
*New orders, nondefense capital goods (deflated)	Oct.		X		- 4.5%	12.9%
*New business formation	Oct.			X	0.8%	0.4%
*Housing permits	Oct.			X	- 1.6%	-12.1%
Inventory Investment and Purchasing						
*New orders, consumer goods & materials (deflated)	Oct.		X		1.1%	4.9%
*Change in inventory, on hand & order (deflated)	Sep.			X	-22.0%	17.2%
Purchasing agents' buying policy	Nov.	X			4.0%	8.0%
*Vendor performance, reported slower deliveries	Oct.	X			8.0%	16.0%
Industrial raw materials prices	Nov.		X		1.3%	19.8%
*Change in sensitive material prices	Oct.		X		- 0.3%	1.1%
Sensitive Financial Flows						
*Money balance (M2 deflated)	Oct.		X		0.6%	0.4%
Change in business loans	Oct.	X			77.8%	11.1%
*Change in credit outstanding	Sep.		X		3.6%	5.3%
Change in consumer installment debt	Sep.	X			18.2%	-18.6%
Profitability						
Total corporate profits, after tax (deflated)	3rd.Q	X			3.6%	4.4%
*Common stock prices	Nov.			X	-25.6%	0.0%
Marginal Employment Adjustments						
*Average workweek, mfg.	Oct.		X		0.0hr	0.3hr
*Initial unemployment claims (inverted)	Oct.	X			13.1%	17.2%

Note: For a description of the Leading Indicators Composite Index see Bureau of Economic Analysis, *Handbook of Cyclical Indicators*, (Washington, D.C.: Government Printing Office) June, 1977.

*These twelve series make up the Composite Leading Index charted below.



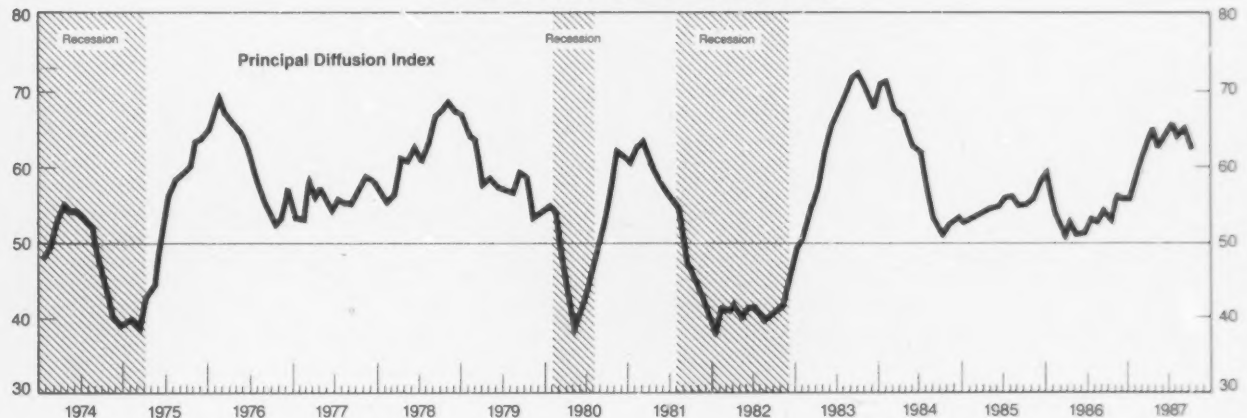
CONFERENCE BOARD DIFFUSION INDEXES

DIFFUSION INDEXES	1986	1987			
	Oct.	Jul	Aug.	Sep.	Oct (e)
Principal Diffusion Index	52.4	65.3r	64.0r	65.1r	62.5
Auxiliary Diffusion Index	48.4	54.0r	45.9r	53.4r	41.7
Industrial Group	48.2	62.0r	62.1r	62.0r	60.2
Nonindustrial Group	56.7	68.6r	66.0r	68.2r	64.9
Sense of Diffusion	0	1	1	1	1
SUBGROUP DIFFUSION INDEXES					
Industrial Subgroups					
Production	52.1	70.5r	75.6r	65.0r	59.8
Labor	51.8	56.5	53.8	57.6r	57.8
Miscellaneous	33.3	62.8	62.2	68.6	66.7
Nonindustrial Subgroups					
Prices	61.5	91.7	86.5	81.4	76.3
Consumer	71.4	71.8	76.5	75.6	70.1
Building	34.0	46.2	46.2r	54.5r	46.8
Miscellaneous	53.8	65.0r	55.1r	61.1r	64.1

Note: The principal diffusion index reflects the frequency of rises in 20 component series over the 12-month period ending in the month indicated. The index is based on the direction of change, not the magnitude of change, from month to month. Each component series carries equal weight in the index, but the direction of recent changes is weighted more heavily than are earlier changes. If, for example, 10 component series rose and 10 declined in each of the last 12 months, the current index would be higher than 50 because the data over the latest six-month period are weighted more heavily than data from the earlier six-month period. On the other hand, if all 20 series rose in each of the last six months, after declining in each of the prior six months, weighting would make the current index considerably greater than 50. See Morton Ehrlich, "Using The Conference Board's Diffusion Indexes," The Conference Board *RECORD*, July, 1966.

e-estimate r-revised

The Conference Board Diffusion Index



CONFERENCE BOARD ESTIMATES OF CAPITAL APPROPRIATIONS AND EXPENDITURES BY MANUFACTURERS AND INVESTOR-OWNED UTILITIES

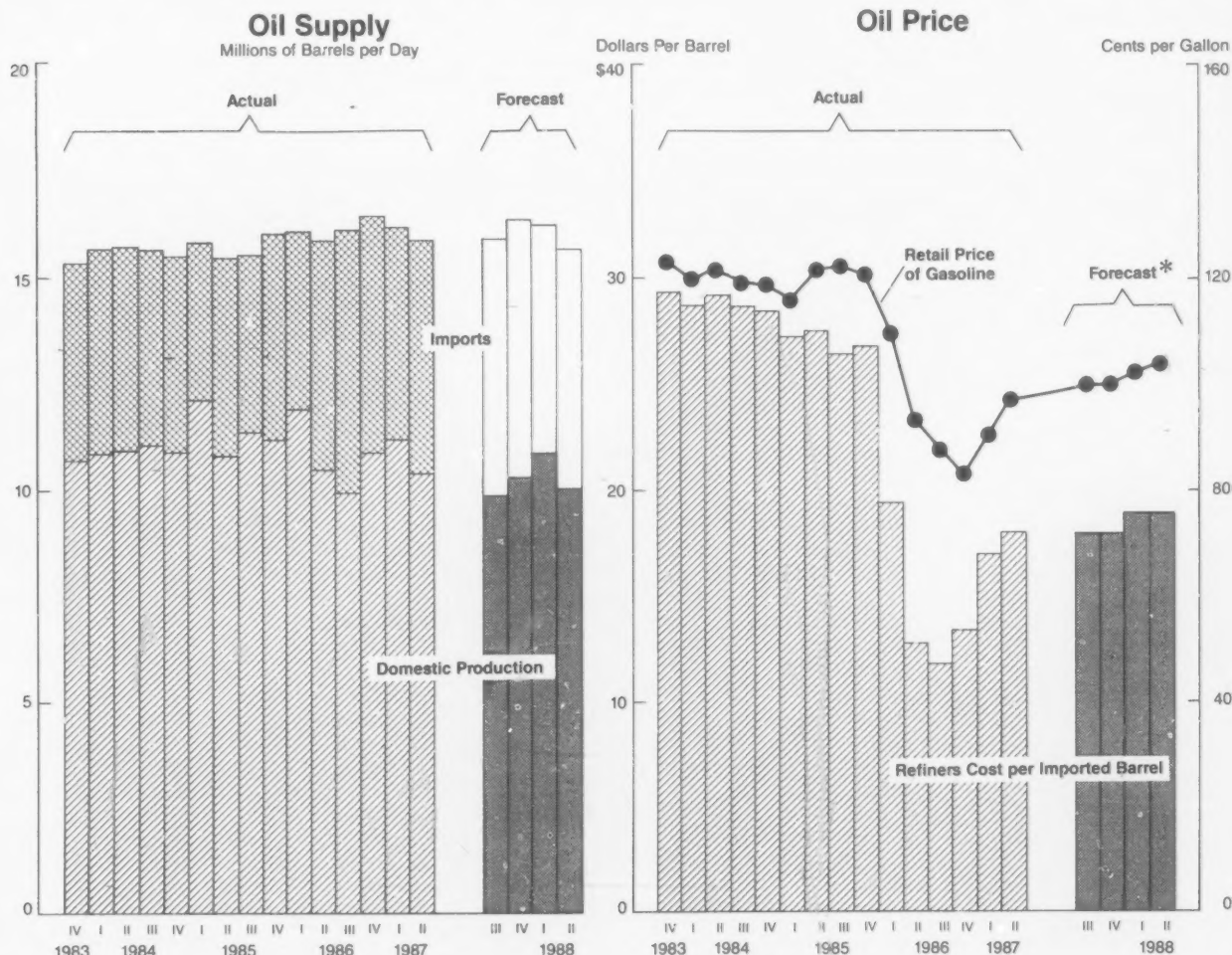
Billions of Dollars, Seasonally Adjusted

	1986					
	II	III	IVr	Ir	IIr	IIIp
1000 LARGEST MANUFACTURING FIRMS						
New appropriations	19.991	20.203	22.097	21.441	32.257	30.872
Capital expenditures	24.309	22.452	23.299	20.801	25.933	25.817
Change in appropriations backlog*	-6.447	-5.060	-10.990	-0.550	+5.460	+2.770
Durable Goods						
New appropriations	9.578	10.051	10.807	9.746	16.515	16.496
Capital expenditures	11.880	12.186	12.915	11.124	14.006	13.948
Change in appropriations backlog*	-3.824	-3.986	-4.140	-2.070	+2.310	+1.930
Nondurable Goods						
New appropriations	10.413	10.152	11.290	11.695	15.742	14.376
Capital expenditures	12.429	10.266	10.384	9.677	11.927	11.869
Change in appropriations backlog*	-2.623	-1.074	-6.850	+1.520	+3.160	+0.840
ELECTRIC & GAS UTILITIES						
New appropriations	5.544	5.530	5.491	6.513	5.627	
Capital expenditures	7.702	7.535	5.080	7.649	7.059	
Change in appropriations backlog*	-3.840	-2.105	-1.005	-0.820	-1.700	

Available on request: Historical data from 1953 (manufacturing) and from 1958 (utilities), and quarterly reports containing text and data for 17 separate manufacturing industries, electric and gas utilities.

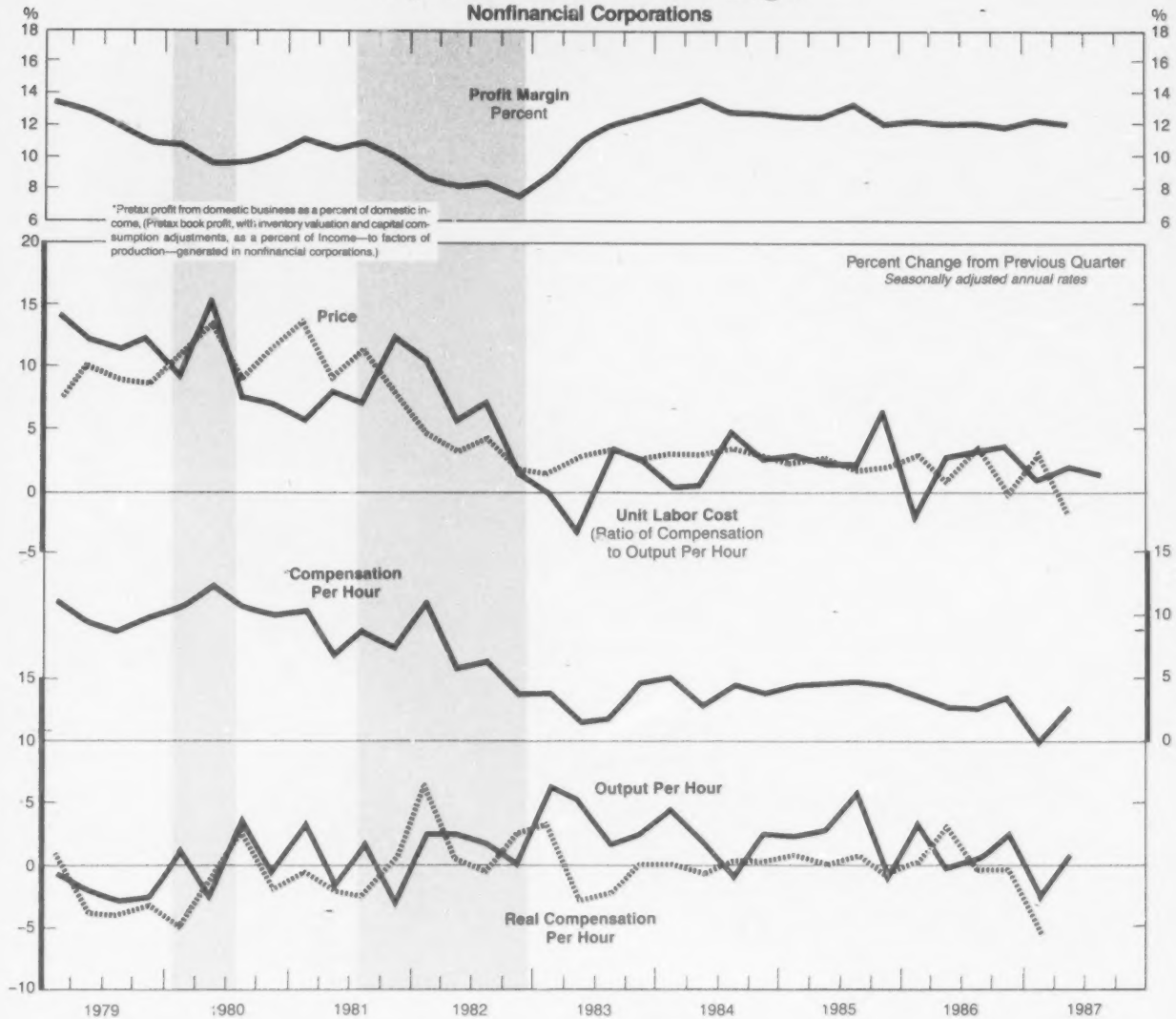
r—revised p—preliminary

* Change in Backlog = New Appropriations - (Expenditures + Cancellations and Other Adjustments).

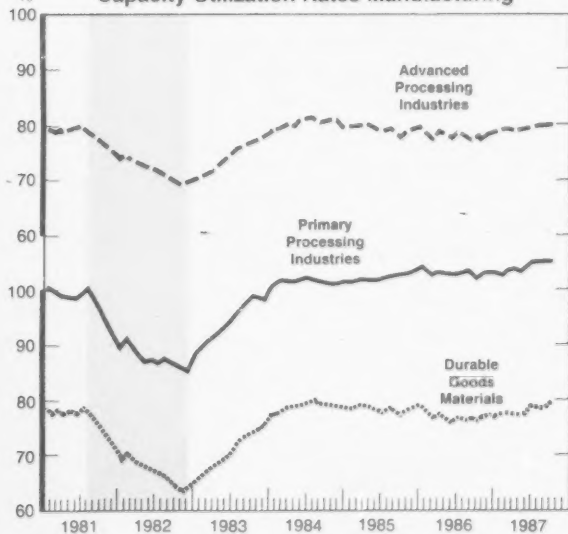


* Source of Forecast is The Energy Information Administration, Department of Energy.

Key Determinants of Profit Margin Nonfinancial Corporations



Capacity Utilization Rates Manufacturing



Inventory - Sales Ratios



ECONOMIC FORECASTS

		U.C.L.A. ²		Merrill Lynch ²		E.I. duPont ²		Georgia State University ²	
		Business Forecasting Project		Economics Inc.		de Nemours & Co.			
Date of Forecast		Nov., 1987		Nov., 1987		Nov., 1987		Nov., 1987	
		Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change
Gross National Product Billions of Current Dollars									
Actual	1987	III	\$4520.5	7.0%	\$4520.5	7.0%	\$4520.5	7.0%	\$4520.5
Forecast		IV	4555.7	3.2	4589.1	6.2	4585.1	5.8	4593.0
	1988	I	4520.6	-3.0	4617.1	2.5	4637.3	4.6	4643.0
		II	4519.5	-0.1	4684.4	6.0	4687.0	4.4	4696.0
		III	4582.9	5.7	4764.3	7.0	4740.6	4.7	4749.0
		IV	4632.9	4.4	4847.7	7.2	4801.9	5.3	4788.0
	1989	I	4733.4	9.0	4939.5	7.6	4884.7	7.1	4828.0
		II	4841.5	9.5	4998.6	4.9	4969.4	7.1	4912.0
		III	4963.6	10.5	5046.7	3.9	5058.7	7.4	5016.0
		IV	5086.0	10.2	5152.9	8.7	5154.0	7.8	5123.0
	1987	Annual	4474.8	5.7	4483.1	5.9	4482.1	5.8	4484.1
	1988	Annual	4564.0	2.0	4728.4	5.5	4716.7	5.2	4719.0
	1989	Annual	4906.1	7.5	5034.4	6.5	5016.7	6.4	4969.8
Gross National Product Billions of Constant (1982) Dollars									
Actual	1987	III	\$3833.4	3.8%	\$3833.4	3.8%	\$3833.4	3.8%	\$3833.4
Forecast		IV	3840.1	0.7	3863.7	3.2	3853.0	2.1	3858.0
	1988	I	3778.0	-6.3	3847.9	-1.6	3858.0	0.5	3868.0
		II	3754.0	-2.5	3861.8	1.5	3864.0	0.6	3880.0
		III	3781.1	2.9	3881.9	2.1	3873.0	0.9	3885.0
		IV	3797.3	1.7	3901.5	2.0	3885.0	1.2	3879.0
	1989	I	3846.8	5.3	3920.2	1.9	3914.0	3.0	3872.0
		II	3903.0	6.0	3914.1	-0.6	3944.0	3.1	3895.0
		III	3967.2	6.7	3898.8	-1.6	3977.0	3.4	3940.0
		IV	4030.3	6.5	3928.3	3.1	4014.0	3.8	3984.0
	1987	Annual	3810.2	2.6	3816.1	2.8	3813.7	2.7	3814.7
	1988	Annual	3777.6	-0.9	3873.3	1.5	3870.0	1.5	3878.0
	1989	Annual	3936.8	4.2	3915.4	1.1	3962.3	2.4	3922.8
Gross National Product deflator Index, 1982 = 100									
Actual	1987	III	117.9	2.2%	117.9	2.2%	117.9	2.2%	117.9
Forecast		IV	118.6	2.4	118.8	2.9	119.0	3.7	119.1
	1988	I	119.7	3.6	120.0	4.2	120.2	4.1	120.0
		II	120.4	2.3	121.3	4.4	121.3	3.7	121.0
		III	121.2	2.7	122.7	4.8	122.4	3.7	122.2
		IV	122.0	2.7	124.3	5.1	123.6	4.0	123.4
	1989	I	123.0	3.5	126.0	5.8	124.8	3.9	124.7
		II	124.0	3.3	127.7	5.5	126.0	3.9	126.1
		III	125.1	3.5	129.4	5.5	127.2	3.9	127.3
		IV	126.2	3.5	131.2	5.5	128.4	3.8	128.6
	1987	Annual	117.4	3.0	117.5	3.0	117.5	3.0	117.5
	1988	Annual	120.8	2.9	122.1	3.9	121.9	3.7	121.7
	1989	Annual	124.6	3.1	128.6	5.3	126.6	3.9	126.7
Unemployment Rate									
Actual	1987	III	6.0%		6.0%		6.0%		6.0%
Forecast		IV	6.1		5.9		6.0		6.0
	1988	I	6.5		6.3		6.2		6.0
		II	7.0		6.4		6.3		6.2
		III	7.3		6.4		6.4		6.2
		IV	7.5		6.3		6.6		6.3
	1989	I	7.3		6.4		6.6		6.4
		II	7.0		6.6		6.5		6.3
		III	6.6		6.7		6.4		6.2
		IV	6.1		6.6		6.3		6.1
	1987	Annual	6.2		6.2		6.2		6.2
	1988	Annual	7.1		6.4		6.4		6.2
	1989	Annual	6.7		6.6		6.5		6.2

¹Based on preliminary third quarter data.

²Based on revised third quarter data.

ECONOMIC FORECASTS (continued)

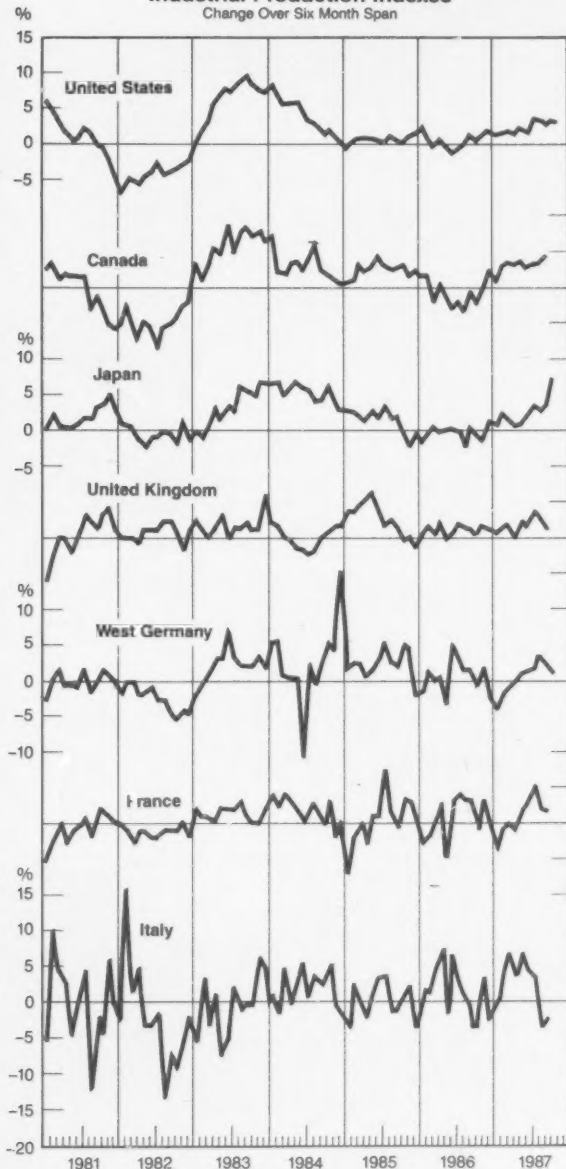
The Conference Board ²		Laurence H. Meyer Associates, Inc. ²		Data Resources Inc. ²		Wharton E.F.A. Inc. ²		Date of Forecast		
Nov., 1987		Nov., 1987		Nov., 1987		Nov., 1987				
Level	Percent Change	Level	Percent Change	Level	Percent Change	Level	Percent Change			
Gross National Product										
Billions of Current Dollars										
\$4512.0	7.0%	\$4520.5	7.0%	\$4520.5	7.0%	\$4520.0	7.0%	III	1987	Actual
4570.0	5.2	4582.9	5.6	4577.1	5.1	4576.6	5.1	IV		Forecast
4589.0	1.7	4623.8	3.6	4616.5	3.5	4644.2	6.0	I	1988	
4632.0	3.8	4680.0	5.0	4661.0	3.9	4708.3	5.8	II		
4693.0	5.4	4764.5	7.4	4725.4	5.6	4790.5	7.2	III		
4765.0	6.3	4846.2	7.0	4796.9	6.2	4868.2	6.6	IV		
4784.0	1.6	4844.9	8.4	4895.2	8.5	4954.5	7.3	I	1989	
4831.0	4.0	5032.2	7.3	4991.6	6.1	5027.1	6.0	II		
4900.0	5.8	5131.3	8.1	5088.4	8.0	5102.9	6.2	III		
4973.0	6.1	5221.3	7.2	5187.6	8.0	5172.6	5.8	IV		
4476.2	5.7	4481.6	5.8	4480.1	5.8	4480.0	5.8	Annual	1987	
4669.8	4.3	4728.6	5.5	4700.0	4.9	4752.8	6.1	Annual	1988	
4872.0	4.3	5082.4	7.5	5040.8	7.3	5064.3	6.6	Annual	1989	
Gross National Product										
Billions of Constant (1982) Dollars										
\$3831.2	3.8%	\$3833.4	3.8%	\$3833.4	3.8%	\$3833.4	3.8%	III	1987	Actual
3850.2	2.0	3857.9	2.6	3858.2	2.6	3857.1	2.5	IV		Forecast
3840.3	-1.0	3860.1	0.2	3863.0	0.5	3868.6	1.2	I	1988	
3850.0	1.0	3871.8	1.2	3867.2	0.4	3886.1	1.8	II		
3869.1	2.0	3903.4	3.3	3885.9	1.9	3912.1	2.7	III		
3893.1	2.5	3931.7	2.9	3913.2	2.8	3938.3	2.7	IV		
3873.5	-2.0	3966.8	3.6	3955.3	4.4	3968.3	3.1	I	1989	
3883.1	1.0	3933.7	2.7	3993.8	4.0	3988.7	2.1	II		
3907.1	2.5	4026.9	3.4	4029.8	3.7	4007.8	1.9	III		
3931.3	2.5	4052.4	2.6	4067.4	3.8	4020.5	1.3	IV		
3812.2	2.7	3814.7	2.7	3814.8	2.7	3814.5	2.7	Annual	1987	
3863.1	1.3	3891.8	2.0	3882.3	1.8	3901.3	2.3	Annual	1988	
3898.8	0.9	4010.0	3.0	4011.6	3.3	3996.3	2.4	Annual	1989	
Gross National Product deflator										
Index, 1982 = 100										
117.8	3.4%	117.9	2.2%	117.9	2.2%	117.9	2.2%	III	1987	Actual
118.7	3.2	118.8	3.0	118.6	2.4	118.7	2.5	IV		Forecast
119.5	2.7	119.8	3.4	119.5	3.0	120.0	4.8	I	1988	
120.3	2.8	120.9	3.7	120.5	3.5	121.2	3.7	II		
121.3	3.3	121.1	4.0	121.6	3.6	122.5	4.3	III		
122.4	3.7	123.3	4.0	122.6	3.3	123.6	3.8	IV		
123.5	3.7	124.7	4.6	123.8	3.9	124.9	4.1	I	1989	
124.4	3.0	126.0	4.4	125.0	4.0	126.0	3.8	II		
125.4	3.3	127.4	4.6	126.3	4.2	127.3	4.2	III		
126.5	3.5	128.8	4.5	127.5	4.1	128.7	4.2	IV		
117.4	2.9	117.5	3.0	117.4	3.0	117.4	3.0	Annual	1987	
120.9	3.0	121.5	3.4	121.1	3.1	121.8	3.7	Annual	1988	
125.0	3.4	126.7	4.3	125.6	3.8	126.7	4.0	Annual	1989	
Unemployment Rate										
6.0%		6.0%		6.0%		6.0%		III	1987	Actual
6.0		6.0		5.9		6.0		IV		Forecast
6.3		6.2		5.9		6.1		I	1988	
6.5		6.4		6.0		6.2		II		
6.6		6.4		6.1		6.2		III		
6.7		6.4		6.1		6.2		IV		
7.0		6.3		6.0		6.1		I	1989	
7.1		6.3		5.9		6.2		II		
7.1		6.2		5.7		6.2		III		
6.9		6.1		5.5		6.3		IV		
6.2		6.2		6.2		6.2		Annual	1987	
6.5		6.4		6.0		6.2		Annual	1988	
7.0		6.2		5.8		6.2		Annual	1989	

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Selected International Comparisons

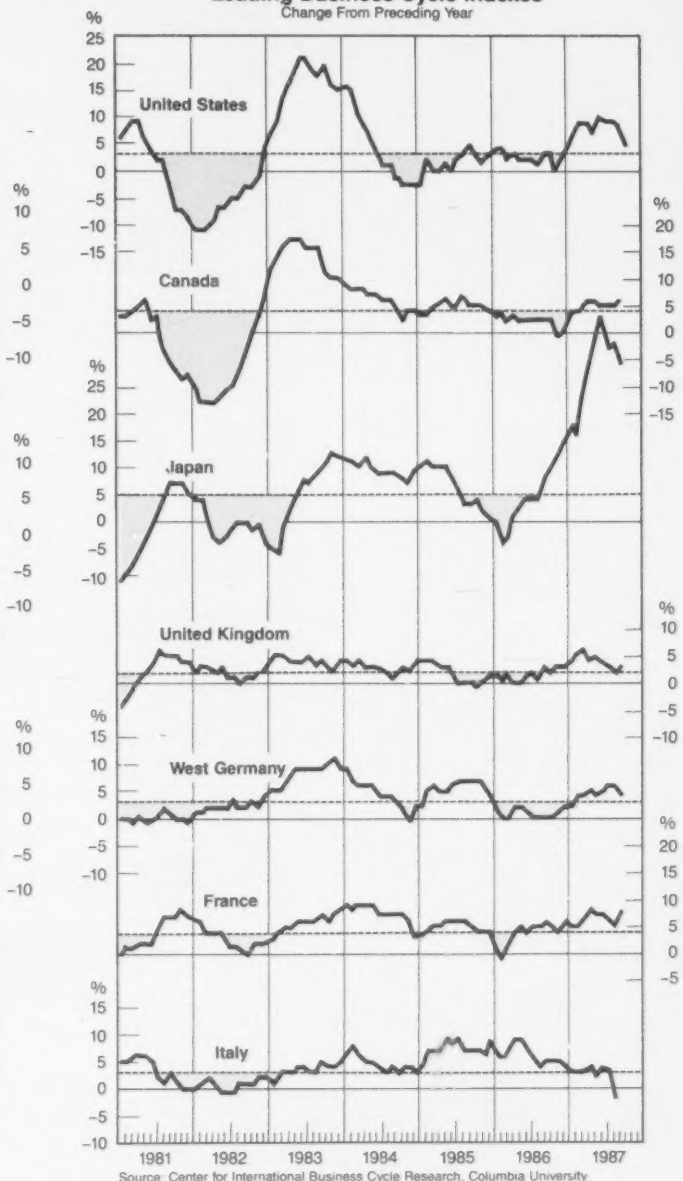
Industrial Production Indexes

Change Over Six Month Span



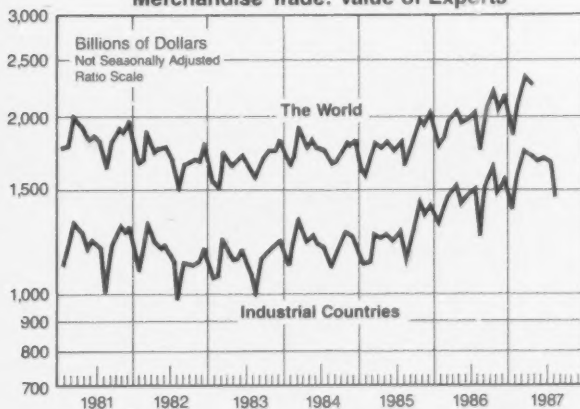
Leading Business Cycle Indexes

Change From Preceding Year

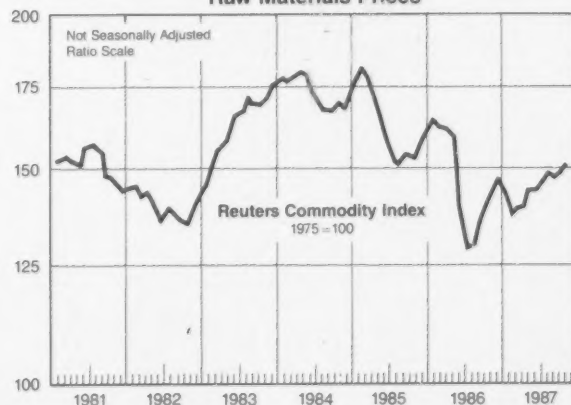


Source: Center for International Business Cycle Research, Columbia University

Merchandise Trade: Value of Exports

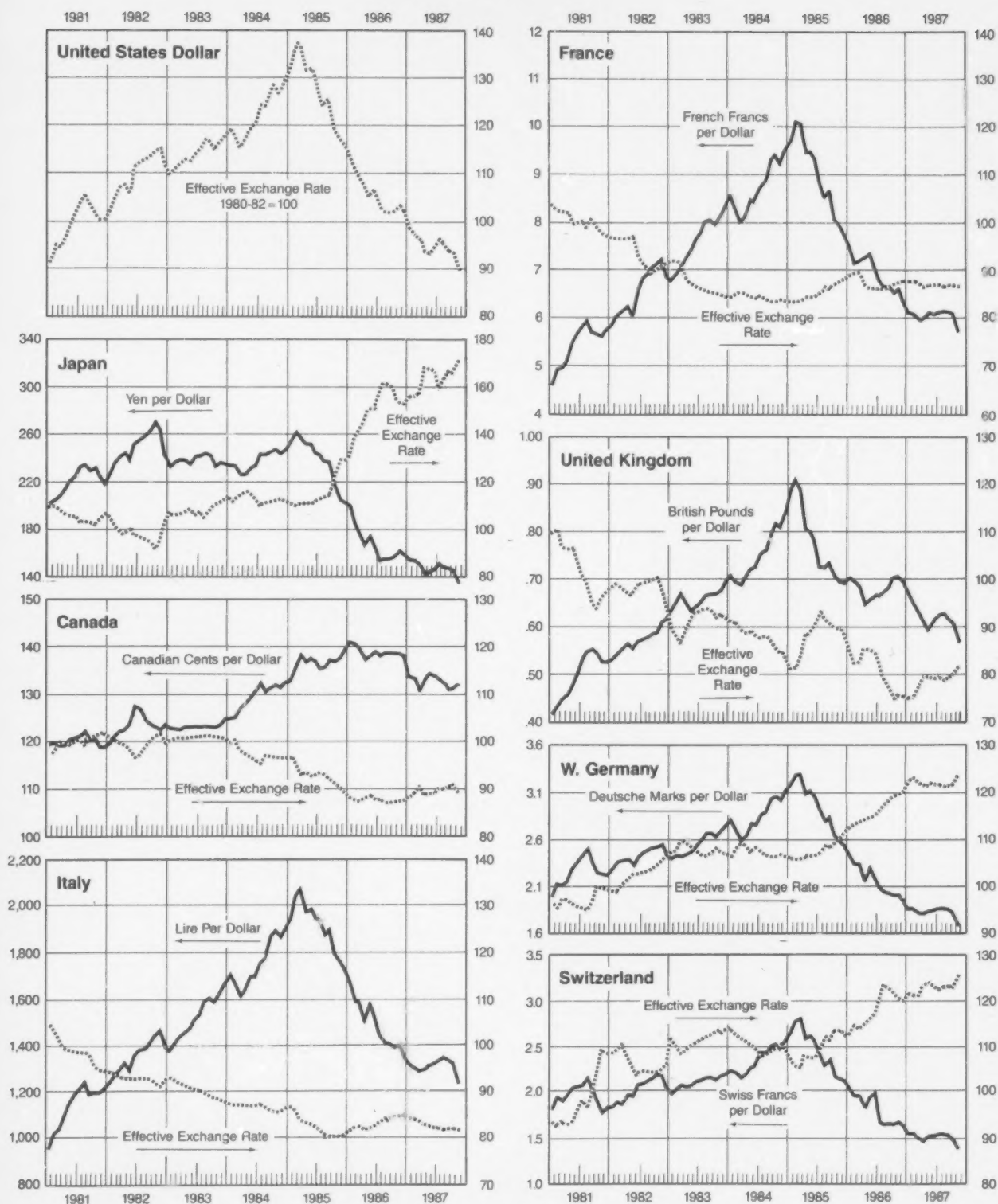


Raw Materials Prices



Foreign Exchange Rates

Indexes: 1980-82 = 100



Note: Nominal Effective Exchange Rates: index numbers 1980-82 = 100. Each index shows a currency's trade-weighted appreciation measured against fifteen other major currencies of daily noon spot exchange rates in New York and bilateral trade weights based on 1980 trade in manufactures.

Source: Morgan Guaranty Trust Co.

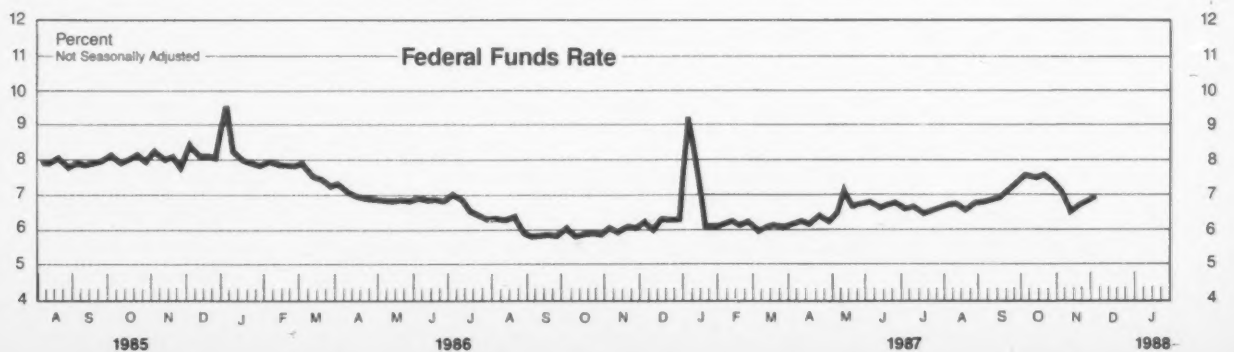
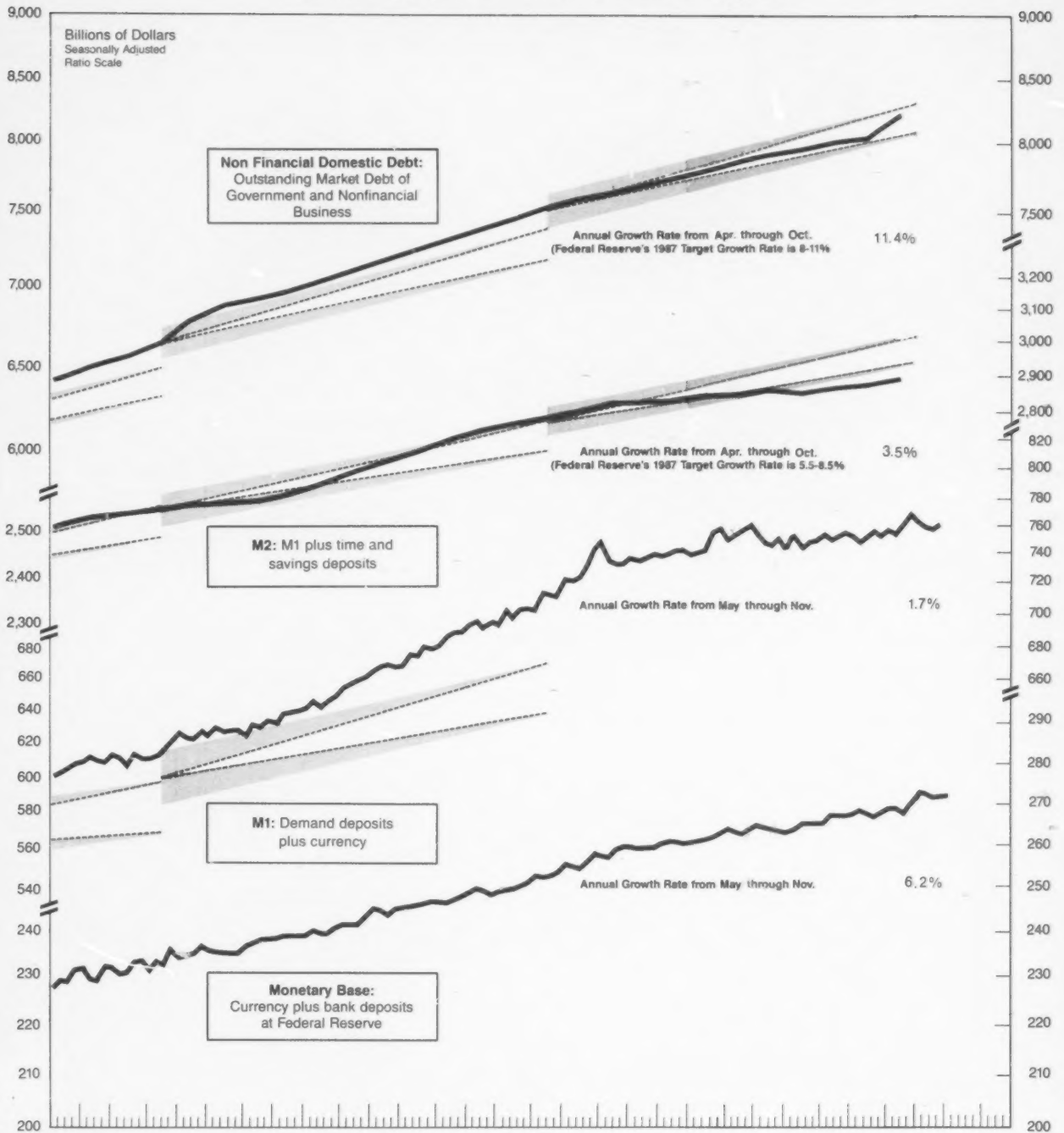
PERSPECTIVE ON THE FEDERAL BUDGET (Billions of Current Dollars)

	Fiscal 1986	Fiscal 1987	Fiscal 1988	
	Actual	Administration's Latest Estimate	Administration's Latest Estimate	Congress's Latest Estimate
		(8/17/87)	(8/17/87)	(8/17/87)
Receipts	\$769.1	\$858.5	\$909.0	\$ 918.1
Outlays	989.8	1,016.9	1,032.3	1,055.5
Deficit	-220.7	-158.4	-123.3	-137.4
Receipts by source	\$769.1	\$858.5	\$909.0	\$ 918.1
Individual income	349.0	392.8	396.1	
Social security	283.9	301.9	331.8	
Corporate income	63.1	89.6	105.4	
Other receipts	73.1	74.2	75.7	
Outlays by function	\$989.2	\$1,016.9	\$1,032.3	\$1,055.5
National defense	273.4	282.2	297.5	289.5
Social security	269.0	281.3	293.2	302.4
Income security	119.8	124.0	124.8	131.5
Health	35.9	40.3	40.9	44.9
Education & manpower	29.7	30.7	33.3	32.9
Veterans benefits	26.4	27.0	28.6	27.4
Transportation	28.1	27.6	26.3	28.3
Agriculture	31.4	29.0	21.2	28.6
International affairs	14.2	13.6	14.8	16.1
Natural resources	13.6	14.3	14.8	15.1
General science	9.0	9.6	11.6	11.1
Justice	6.6	8.2	9.3	9.4
General government	6.1	7.0	7.0	7.2
Community development	7.5	6.0	5.4	6.6
Commerce, Housing credit	4.4	8.5	7.5	7.8
Energy	4.7	3.7	3.4	4.6
Revenue sharing	6.4	1.6	1.5	1.8
Interest	136.0	139.6	144.7	139.3
Allowances	0.0	0.0	0.7	- 0.7
Offsetting receipts	- 33.0	- 37.2	- 45.3	- 47.9

ECONOMIC ASSUMPTIONS OF THE BUDGET

GNP				
Current Dollar	\$4,218	\$4,491	\$4,830	\$4,779
Constant (1982) Dollar	3,681	3,811	3,936	3,898
Percent change in				
Current dollar	5.5%	6.1%	7.5%	6.9%
Constant (1982) dollar	2.7	2.6	3.3	3.0
Implicit price index	2.8	3.3	4.1	3.8
Consumer price index	1.6	3.6	4.4	4.3
91-Day T bill rate	6.0	5.7	5.5	5.6
Unemployment rate	6.9	6.2	5.9	6.5

Money Supply and Monetary Growth Targets



Seasonally Adjusted Indexes, 1967 = 100

Note: For definitions and method, see Noreen Preston, *The Help-wanted Index* (New York: The Conference Board, 1977).

The figure consists of two vertically stacked line graphs sharing a common x-axis representing years from 1979 to 1987.

Top Graph:

- Unemployment Rate:** Plotted on the right y-axis (inverted scale, 4% to 12%). It shows a general upward trend from approximately 6.5% in 1979 to a peak of about 11.5% in 1982, followed by a decline to around 9.5% by 1987.
- Help-wanted Index (1967 = 100):** Plotted on the left y-axis (60 to 170). It shows a sharp decline from about 160 in 1979 to a low of approximately 75 in 1982, then a recovery to about 160 by 1987.
- Leading Employment Index*:** Plotted on the right y-axis (120 to 190). It shows a steady upward trend from about 135 in 1979 to approximately 185 in 1987.
- Recession Periods:** Shaded vertical areas indicate recession periods, occurring roughly between 1980-1981 and 1982-1983.

Bottom Graph:

- Ratio: Help-wanted Ads (1967 = 100) to Number of Persons Unemployed (1967 = 100):** Plotted on the right y-axis (0 to 1.00). It shows a general downward trend from about 0.75 in 1979 to a low of approximately 0.20 in 1982, then a recovery to about 0.65 by 1987.

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CONFERENCE BOARD INDEXES OF CONSUMER CONFIDENCE AND BUYING PLANS

Indexes, 1985 = 100
(Seasonally Adjusted)

Consumer Confidence Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	103.9	101.0	101.1	106.1	104.8	105.8	100.4	103.1	100.0	99.1	105.4	97.0
1985	102.0	103.1	96.1	104.4	99.6	102.6	103.2	100.9	96.0	96.1	98.1	98.2
1986	96.9	96.0	95.1	100.0	100.2	100.0	97.5	91.7	89.7	85.9	89.7	93.2
1987	85.4	91.8	95.8	97.4	103.0	102.1	105.8	110.7	115.7	115.1r	96.3p	

Buying Plans Index

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1984	99.2	98.0	90.7	98.6	102.5	104.9	89.5	95.5	83.5	92.7	96.0	91.9
1985	100.7	98.7	98.4	97.4	89.5	96.3	93.1	98.4	107.3	110.3	101.2	108.8
1986	104.5	104.4	103.1	124.7	109.0	111.3	107.2	108.2	105.3	98.8	93.0	103.6
1987	98.9	93.1	98.7	89.7	113.4	94.5	96.0	96.5	108.7	104.9r	91.6p	

Confidence Index measures consumer optimism in appraising economic conditions. Buying plans Index is based on intentions to purchase cars, homes, appliances. Expectations Index, (charted below), measures consumer attitudes with regard to business conditions and employment and income levels six months hence. Data prior to May, 1981 based on survey of families. Data after May, 1981 are based on survey of households. A description of these indexes appears in The Conference Board RECORD, September, 1973.

Surveys are conducted by National Family Opinion, Inc.

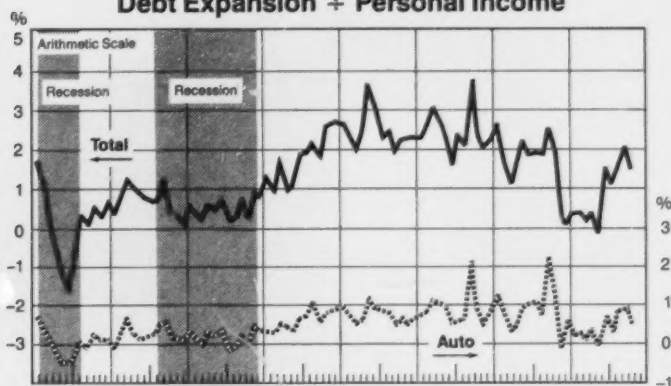
p—preliminary



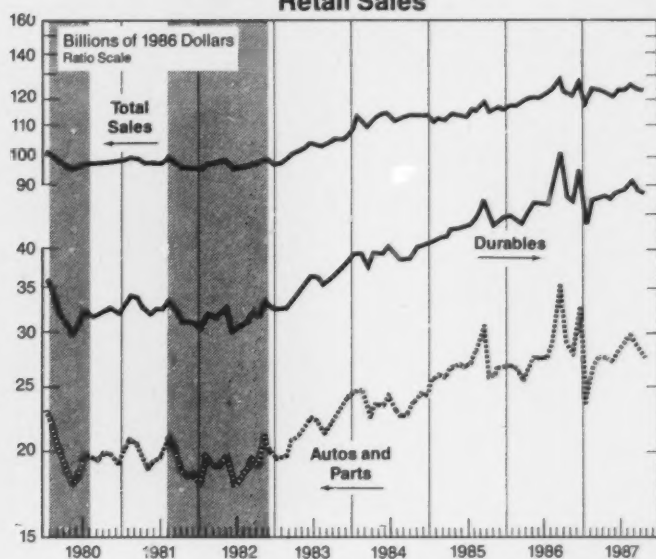
CBDB

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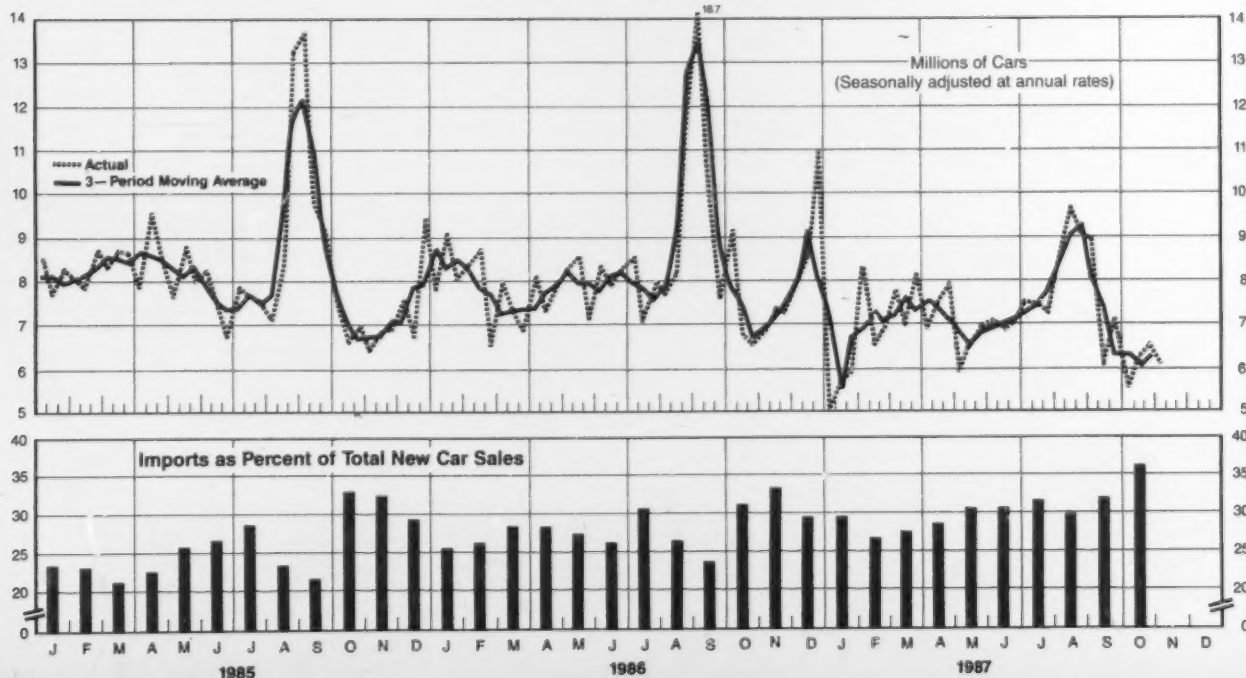
Consumer Installment Debt Expansion + Personal Income



Retail Sales



Domestic—Model Car Sales



CONFERENCE BOARD ESTIMATES OF NEW AUTO SALES, BY 10-DAY PERIODS

Millions, Seasonally Adjusted at Annual Rate

Periods	1984	1985	1986	1987
January: 1-10	8.16	8.46	7.76	4.78
11-20	7.84	7.66	9.05	5.71
21-31	9.15	8.23	8.02	5.95
February: 1-10	7.79	8.01	8.36	8.26
11-20	9.17	7.84	8.71	6.46
21-28(29)	7.60	8.69	6.47	6.87
March: 1-10	7.35	8.27	7.93	7.76
11-20	8.13	8.73	7.23	6.95
21-31	7.35	8.67	6.81	8.13
April: 1-10	8.88	7.84	8.06	6.85
11-20	7.96	9.48	7.25	7.52
21-30	8.60	8.42	7.92	7.89
May: 1-10	8.19	7.60	8.30	5.93
11-20	7.74	8.78	8.57	6.44
21-31	8.43	7.96	7.09	6.96
June: 1-10	7.22	8.21	8.27	6.95
11-20	8.25	7.51	7.84	7.03
21-30	8.10	6.71	8.30	7.45
July: 1-10	9.51	7.81	8.50	7.42
11-20	8.32	7.63	7.03	7.29
21-31	8.59	7.57	7.96	8.53
August: 1-10	7.33	7.09	7.64	9.60
11-20	8.07	8.30	8.19	9.03
21-31	7.43	13.23	11.65	8.99
September: 1-10	8.13	13.64	18.67	6.09
11-20	8.52	9.70	9.87	7.09
21-30	6.03	9.10	7.58	5.54
October: 1-10	7.83	7.40	9.07	6.22
11-20	7.07	6.57	6.72	6.48
21-31	7.70	6.92	6.51	6.08
November: 1-10	6.60	6.40	6.80	6.38
11-20	8.44	6.81	7.32	7.44
21-30	6.57	6.91	7.23	
December: 1-10	8.75	7.56	7.95	
11-20	7.96	6.69	8.54	
21-31	8.19	9.31	10.93	

Note: Dealer sales exclude exports and foreign-model cars (unless manufactured domestically.) Data from Ward's Automotive Reports are seasonally adjusted by The Conference Board. Prior data available upon request.